

Prepared Statement of Mr. Gary Muller, F.A.C.H.E
Hospital Disaster Preparedness: Past, Present, and Future
U.S. House Energy and Commerce
Subcommittee on Oversight and Investigations
January 26, 2006

Mr. Chairman and Members of the Committee:

Thank you for inviting me to testify today on behalf of West Jefferson Medical Center.

West Jefferson Medical Center, located 10 minutes from downtown New Orleans, is a 451-bed community hospital and health system with programs and services across a complete continuum of care.

West Jefferson rediscovered itself as a leader during Hurricane Katrina through the resiliency and resourcefulness of our doctors and staff. We did not lose a single patient due to the storm.

West Jefferson stayed the course during Katrina. We are building stronger. Ironically, we were three months out from opening a new Energy and Support Services facility, a model for the nation. West Jefferson Medical Center did not flood but sustained over \$2 million in damages.

West Jefferson's story goes beyond bricks and mortar. I am proud of our doctors and staff and grateful for their actions during the disaster. They put aside their personal tragedies and fears to respond to the hospital's needs.

The post-Katrina story is complex as we embrace challenges continually. Only 1/3 of the pre-Katrina hospital bed capacity in the New Orleans area is available. Providers of all

types that remained operational are experiencing significant financial losses as we struggle to retain health care workers and deliver care

The region's labor and operating expenses have inflated dramatically without corresponding payment increases. Hospitals have also experienced a dramatic rise in indigent care.

Establishing emergency communications early with the local EOC was invaluable. Personal visits and information from Congressman Michael Burgess, Congressman Rodney Alexander, Senator David Vitter, Secretary Michael Levitt, Vice Admiral Dr. Richard H. Carmona, Dr. Mark McClellan and Dr. Julie Gerberding lifted our spirits and advanced our personal and professional drive to respond not only to West Jefferson's citizens but to the region.

FEMA's response to deploy a DMAT which we personally requested through Dr. Carmona and discussed with Senator Vitter was admirable. The DMAT Disaster Hospital that supported our Emergency Department was noteworthy. Together, the DMAT staff and our teams were able to administer more than 40,000 doses of vaccine. In future disasters of this magnitude, we would request the DMAT units to arrive earlier.

In summary, we will be better prepared for the future because of what we are doing today. We are exploring a more extensive communication system and moving forward to install an on-site water well at the hospital. We are exploring the cost and feasibility of elevating structures for critical services such as building our new Emergency Room on the second floor instead of the first.

We must also arrange for a well-honed process for back-up relief teams. Personnel worked for days on end without relief. West Jefferson Medical Center plans to develop a closer relationship with the state EOC for earlier communications.

The storm exposed the deficiencies of our health care system. Louisiana (and the affected areas) historically has suffered from a dearth of primary and specialty ambulatory care capacity available for low-income and other consumers. The lack of capacity, coupled with low Medicaid rates for physician care and no mechanism to reimburse clinicians for indigent care has led to over dependence on our emergency rooms and inadequate access to care for low-income, uninsured patients.

Charity care and Medicaid DSH funds concentrated at one delivery system and not well integrated with other community care delivery points – as MCLNO has downsized, remaining providers are absorbing patients without adequate payments.

Medicaid DSH money “did not follow the patient” to other provider settings.

Financial survival has become top priority for WJMC and we have focused efforts to explore every regulatory or legislative mechanism that might assist us. Interestingly, the present situation has offered us the chance to collaborate with organizations that may never have been viewed as partners. Our operating losses since Hurricane Katrina total more than \$28 million dollars.

West Jefferson Medical Center and East Jefferson General Hospital, both Service District Hospitals, worked closely with our Congressional Delegation to identify existing federal legislation that could provide us financial relief. We worked diligently to offer language

to the Stafford Act that would make our hospitals eligible for a Community Disaster Loan Program. Parallel to this effort were discussions with CMS providing regulatory relief of the Stark Amendment which would allow us the opportunity to provide assistance to physicians practicing at our hospitals. We must receive the CDL this month to provide for our physicians as the Stark waiver will expire on January 31st.

LSU's medical school program, which trains three out of every four doctors in this state, was severely impacted by Hurricane Katrina. WJMC is committed to retaining a physician workforce for our region and has been in conversations with both LSU and Tulane University School of Medicine. We are in the process of applying for major teaching hospital status, but are concerned that GME reimbursement issues will hinder our efforts. For example, the LHA, LSU and Tulane are seeking an extended waiver on CMS caps to allow residents to keep training in alternative locations, namely private hospitals. The current waiver expires on January 31st. We understand that CMS has yet to issue an extension.

With the departure of our DMAT hospital, we made an agreement with a separate entity to provide urgent care services close to our emergency room. As we rebuild the healthcare delivery system, one consistent recommendation has been the immediate expansion of community based primary care and mental health services.

Due to Congressional budget cuts within HHS, there will be no new grant funding for FQHCs in this fiscal year, so Louisiana will have to receive special dispensation for

funding (by way of an earmark appropriation) if we are to develop new, grant funded FQHCs.

Lessons learned from experiences should result in policy changes that will benefit everyone in the future. Potential legislation or regulatory relief should include:

- Allowing adjustments to the wage index calculation based on disaster related rate increases.
- Provision for adjustments to the outlier methodology and thresholds to reflect the lack of post-acute care capacity.
- Expedition and extension of CMS waiver for resident caps
- Allowing hospitals operating in immediate disaster areas the option of cost-based reimbursement on an inpatient and/or outpatient basis.
- Provision for funding to follow patients cared for by health practitioners enrolled in residency training programs
- Provision of special dispensation for funding Federally Qualified Health Centers in the areas affected by Hurricane Katrina
- Increased communications and collaboration between legislative and executive branches of government for the recovery efforts on the Gulf Coast

At the local and regional level we should:

- Enhance communications and communication systems

- Facilitate facilities improvements
- Forge regional cooperation and collaboration among hospitals
- Share our updated Hurricane Plans with local and state EOC

Together, we will make a difference. Thank you for your time today.

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